

**CALIFORNIA TAX CREDIT ALLOCATION COMMITTEE**  
**Project Staff Report**  
**Tax-Exempt Bond Project**  
**November 30, 2022**

The project, 2111 Firestone, located at 2111 Firestone Boulevard in Los Angeles, requested and is being recommended for a reservation of \$1,982,403 in annual federal tax credits and \$1,823,315 in total state tax credits to finance the new construction of 83 units of housing serving special needs tenants with rents affordable to households earning 30%-50% of area median income (AMI). The project will be developed by Elsey Holdings, LLC and will be located in Senate District 33 and Assembly District 59.

The project will be receiving rental assistance in the form of HUD Section 8 Project-based Vouchers. The project financing includes state funding from the No Place Like Home (NPLH) and Housing for a Healthy California (HHC) programs of HCD.

**Project Number** CA-22-603

**Project Name** 2111 Firestone  
**Site Address:** 2111 Firestone Boulevard  
 Los Angeles, CA 90002 County: Los Angeles  
**Census Tract:** 5353.00

<b>Tax Credit Amounts</b>	<b>Federal/Annual</b>	<b>State/Total *</b>
Requested:	\$1,982,403	\$1,823,315
Recommended:	\$1,982,403	\$1,823,315

\* The applicant made an election not to sell (Certificate) any portion of the state credits.

**Applicant Information**

**Applicant:** 2111 Firestone, LP  
**Contact:** Bryan Elsey  
**Address:** 9 Cushing, Suite 200  
 Irvine, CA 92618  
**Phone:** 785-317-9352  
**Email:** bryan@theprimecompany.com

**General Partner(s) or Principal Owner(s):** Elsey Affordable California, LLC  
 Domus GP LLC  
 Kingdom Firestone, LLC

**General Partner Type:** Joint Venture

**Parent Company(ies):** Elsey Holdings, LLC  
 Domus Development LLC  
 Kingdom Development, Inc.

**Developer:** Elsey Holdings, LLC

**Bond Issuer:** Los Angeles County Development Authority

**Investor/Consultant:** Alliant Capital

**Management Agent:** Domus Management Co

**Project Information**

Construction Type: New Construction  
 Total # Residential Buildings: 1  
 Total # of Units: 85  
 No. / % of Low Income Units: 83 100.00%  
 Federal Set-Aside Elected: 40%/60%  
 Federal Subsidy: Tax-Exempt/HUD Section 8 Project-based Vouchers (42 units - 51%)

**Information**

Housing Type: Special Needs  
 Geographic Area: Balance of Los Angeles County  
 CTCAC Project Analyst: Sarah Gullikson

**55-Year Use / Affordability**

<b>Aggregate Targeting</b>	<b>Number of Units</b>	<b>Percentage of Affordable Units</b>
30% AMI:	42	51%
50% AMI:	41	49%

**Unit Mix**

83 SRO/Studio Units
1 1-Bedroom Units
1 2-Bedroom Units
<b>85 Total Units</b>

<b>Unit Type &amp; Number</b>	<b>2022 Rents Targeted % of Area Median Income</b>	<b>Proposed Rent (including utilities)</b>
42 SRO/Studio	30%	\$625
41 SRO/Studio	50%	\$1,042
1 1 Bedroom	Manager's Unit	\$0
1 2 Bedrooms	Manager's Unit	\$0

**Project Cost Summary at Application**

Land and Acquisition	\$1,108,635
Construction Costs	\$26,019,687
Rehabilitation Costs	\$0
Construction Hard Cost Contingency	\$2,525,448
Soft Cost Contingency	\$550,001
Relocation	\$92,500
Architectural/Engineering	\$1,495,260
Const. Interest, Perm. Financing	\$2,971,625
Legal Fees	\$220,000
Reserves	\$980,145
Other Costs	\$1,690,250
Developer Fee	\$4,329,735
Commercial Costs	\$0
<b>Total</b>	<b>\$41,983,286</b>

**Residential**

Construction Cost Per Square Foot:	\$555
Per Unit Cost:	\$493,921
True Cash Per Unit Cost*:	\$488,268

**Construction Financing**

<u>Source</u>	<u>Amount</u>
Banner Bank: Tax-Exempt	\$21,435,228
HCD: HHC	\$9,250,000
LACDA <sup>1</sup> : AHTF <sup>2</sup>	\$2,909,225
LACDA <sup>1</sup> : NPLH	\$1,120,000
Deferred Costs	\$1,087,795
Deferred Developer Fee	\$3,560,261
General Partner Equity	\$100
Tax Credit Equity	\$2,620,677

**Permanent Financing**

<u>Source</u>	<u>Amount</u>
Banner Bank	\$5,738,078
HCD: HHC	\$9,250,000
LACDA <sup>1</sup> : AHTF <sup>2</sup>	\$5,000,000
LACDA <sup>1</sup> : NPLH	\$1,120,000
Deferred Developer Fee	\$480,526
General Partner Equity	\$1,829,835
Tax Credit Equity	\$18,564,847
<b>TOTAL</b>	<b>\$41,983,286</b>

\*Less Fee Waivers, Seller Carryback Loans, and Deferred Developer Fee

<sup>1</sup>Los Angeles County Development Authority

<sup>2</sup>Affordable Housing Trust Fund

**Determination of Credit Amount(s)**

Requested Eligible Basis:	\$38,123,142
130% High Cost Adjustment:	Yes
Applicable Fraction:	100.00%
Qualified Basis:	\$49,560,085
Applicable Rate:	4.00%
Total Maximum Annual Federal Credit:	\$1,982,403
Total State Credit:	\$1,823,315
Approved Developer Fee (in Project Cost & Eligible Basis):	\$4,329,735
Investor/Consultant:	Alliant Capital
Federal Tax Credit Factor:	\$0.87026
State Tax Credit Factor:	\$0.72000

Except as allowed for projects basing cost on assumed third party debt, the “as if vacant” land value and the existing improvement value established at application for all projects, as well as the eligible basis amount derived from those values, shall not increase during all subsequent reviews including the placed in service review, for the purpose of determining the final award of Tax Credits. The sum of the third party debt encumbering the property may increase during subsequent reviews to reflect the actual amount.

**Significant Information / Additional Conditions:** None.

**Resyndication and Resyndication Transfer Event:** None.

**Standard Conditions**

If applicant is receiving tax-exempt bond financing from other than CalHFA, the applicant shall apply for a bond allocation from the California Debt Limit Allocation Committee’s next scheduled meeting, if not previously granted an allocation; shall have received an allocation from CDLAC; and, shall issue bonds within time limits specified by CDLAC.

The applicant anticipates financing more than 50% of the project aggregate basis with tax-exempt bond proceeds as calculated by the project tax professional. Therefore, the federal credit reserved for this project will not count against the annual ceiling.

State tax credit recipients are limited to cash distributions from project operations pursuant to California Revenue and Taxation Code Section 12206(d). By accepting the tax credit reservation, the applicant/owner is agreeing to comply with the statutory limitations and requirements.

CTCAC makes the preliminary reservation only for the project specified above in the form presented, and involving the parties referred to in the application. No changes in the development team or the project as presented will be permitted without the express approval of CTCAC.

The applicant must pay CTCAC a reservation fee calculated in accordance with regulation. Additionally, CTCAC requires the project owner to pay a monitoring fee before issuance of tax forms.

As project costs are preliminary estimates only, staff recommends that a reservation be made in the amount of federal credit and state credit shown above on condition that the final project costs be supported by itemized lender approved costs and certified costs after the buildings are placed in service.

All unexpended funds in reserve accounts established for the project must remain with the project to be used for the benefit of the property and/or its residents, except for the portion of any accounts funded with deferred developer fees.

All fees charged to the project must be within CTCAC limitations. Fees in excess of these limitations will not be considered when determining the amount of credit when the project is placed-in-service.

If the applicant has requested the use of a CUAC utility allowance, CTCAC's Compliance staff will review the CUAC documentation for this project prior to placed in service. Until written approval is received from CTCAC, this project is not eligible to use a utility allowance based on the CUAC.

The applicant/owner shall be subject to underwriting criteria set forth in Section 10327 of the regulations through the final feasibility analysis performed by CTCAC at placed-in-service.

Credit awards are contingent upon applicant's acceptance of any revised total project cost, qualified basis and tax credit amount determined by CTCAC in its final feasibility analysis.

**CDLAC Additional Conditions**

The applicant/owner is required to comply with the CDLAC Resolution. At the time of the CTCAC placed in service review, CTCAC staff will verify that the project is in compliance with all applicable items of CDLAC Resolution Exhibit A.